

Eco-labels

Eco-labels have been defined by approximately 30 different countries and numerous other organizations across the globe. The term eco-label has been used since 1977 when Germany introduced their Blue Angel eco-label. Since 1977 multiple other countries across Europe, Asia and the Americas have all defined programs to outline criteria for eco-labels, and other groups have developed their own in the wake of mounting consumer expectations. Given this interest, Dow expects that the State of California will consider developing such a program.

Because of Dow's upstream position in the value chain, we currently do not directly participate in an eco-labeling system. However, Dow believes that eco-labeling can be of value to consumers if labeling supports decisions based on science and life cycle analysis.

At the same time, Dow is concerned about the growing tide of consumer deceptive trade practices litigation, some of it based on product labels. The State of California is a significant jurisdiction for such claims, including class action lawsuits. Any eco-labeling program developed and overseen by the state should exempt eco-labeling from forming the basis for such liability, relying instead on state regulatory controls to enforce eco-labeling standards. It would defeat the public policy goals of having an eco-labeling program, if the very program that the State designs to inform consumer decision-making becomes the basis for private parties to claim money damages for purported misinformation. Additionally, any eco-labeling program must be harmonized with existing State and Federal regulations.

Below are a number of best practices from Dow's perspective for eco-labeling programs:

- All standards should use a form of life cycle analysis
- Labeling of products should be granted by standards derived through a cross-functional working group comprised of experts from industry, NGOs, government and other potentially impacted parties.
- Standards should be agreed upon by the working group and open for public comment.
- The standards by which products are evaluated should hold the following as key components:
 - Extraction of raw materials
 - Progress through production
 - Distribution
 - Use Phases
 - End disposal after use
- They should have a third party, independent administrator.
- Standards and requirements for eco-labels should be specific to products or product families rather than over-arching .
- Standards should be performance based evaluations where the manufacturer provides the requested information to demonstrate the product's or products' performance and quality.

- Standards should have an audit mechanism by which the third party evaluator reviews submitted information for final approval of label.
- Utilizing ISO certification standards for eco-labeling is encouraged.

Eco-labeling can provide several benefits to industry, consumers and governments but can also be utilized inappropriately. Labeling must support the following to be valued by the consumer:

- The analysis of the product must be credible and based on scientific study
- The products must meet agreed upon criteria and not be reliant on unsubstantiated claims by the producer.
- An independent third party must be involved to lend credibility to an eco-label.

If California were to adopt an eco-labeling approach, it would be critical to establish the most crucial areas of impact such as energy consumption, water use, toxicity and recyclability of the product or products. Such an eco-labeling system must also comply with US Truth in Advertising, and be consistent with the US Federal Trade Commission guidance on Environmental Marketing Claims.

Dow recommends further discussion between all relevant stakeholders and the State of California to determine the path forward regarding eco-labeling possibilities. We would welcome the opportunity to participate in the process to enhance consumers' access to product information.